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FM AMEMBASSY ASHGABAT

TO RUEHC/SECSTATE WASHDC PRIORITY 3490

INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE

RUCNCIS/CIS COLLECTIVE

RUCNMEM/EU MEMBER STATES COLLECTIVE

RUEHAK/AMEMBASSY ANKARA 5690

RUEHBJ/AMEMBASSY BEIJING 3405

RUEHKO/AMEMBASSY TOKYO 3269

RUEHIT/AMCONSUL ISTANBUL 3933

RUEKJCS/JOINT STAFF WASHDC

RUEAIIA/CIA WASHDC

RUCPDOG/DEPT OF COMMERCE WASHDC

RHEFDIA/DIA WASHDC

RHEBAAA/DEPT OF ENERGY WASHDC

RHEHNSC/NSC WASHDC

RUEATRS/DEPT OF TREASURY WASHDC

RUEKJCS/SECDEF WASHINGTON DC

RUCNDT/USMISSION USUN NEW YORK 1157

RUEHVEN/USMISSION USOSCE 3916

C O N F I D E N T I A L ASHGABAT 001193

SIPDIS

STATE FOR SCA/CEN; EEB; NEA/IR  
ENERGY FOR EKIMOFF/BURPOE/COHEN  
COMMERCE FOR EHOUSE

E.O. 12958: DECL: 09/17/2019

TAGS: [PGOV](#) [EINV](#) [EIND](#) [ETRD](#) [TX](#)

SUBJECT: TURKMENISTAN: ZEPPELIN'S CATERPILLAR DEALER  
DOWNBEAT ON BUSINESS

REF: ASHGABAT 1153

Classified By: Charge Sylvia Reed Curran for reasons 1.4 (b) and (d).

11. (C) On September 16, Economic Officer met with German-based Zeppelin's General Director Oleg Sarmin to discuss the construction machinery market in Turkmenistan, given the large number of construction projects underway in the country. Zeppelin is the only dealer in country authorized to sell U.S.-made Caterpillar machinery. Zeppelin opened its large facility close to the Ashgabat airport in 2003, after the late Turkmen President Niyazov signed a seven-year contract with the company. Sarmin admitted that Zeppelin Turkmenistan has seen better days, in terms of selling Caterpillar construction machines. He stated that Ashgabat was full of multimillion dollar construction projects, but Turkish and French construction companies were not buying Caterpillar. He added that Japanese-made Komatsu and Russian-made machinery was very popular with the Turkish construction giant Polimeks and the French construction company Bouygues. Sarmin noted that two years ago his office had 120 employees, while today there are only about 80 employees, due to Caterpillar's declining sales.

12. (C) The Zeppelin General Director contributed his company's waning business to increased competition, and a lack of skilled construction workers capable of successfully operating and maintaining Caterpillar equipment. Sarmin explained that Caterpillar, unlike the Japanese and Russian machinery, is computer-based and more high-tech. As a result, machinery operators need to have fairly high-level operational skills and they need to ensure that heavy machine oil and other lubricants do not spill onto the computerized equipment. He lamented that the Turkmen will not invest in additional training for its machinery operators, and prefer "simple" machinery that "you can dump tons of oil and grease on and it will not stop running." He added that Zeppelin's contracts to provide construction equipment to the Turkmen government were up in 2010, and given Caterpillar's

high-maintenance reputation, he was not confident that Zeppelin was still the government favorite.

¶3. (C) Sarmin noted that Zeppelin's biggest competitors were Komatsu and European competitors that he did not name specifically. He felt that the Austrian-based IPC/EuroTech, which is a dealer for several agricultural and construction machinery companies in Turkmenistan, had the inside track with the GOTX, and as a result, was winning more and more contracts for its companies (reftel). (Note: IPC has also invested a lot of money in training and maintenance programs, as well as having a reputation for being able to procure and deliver coveted spare parts easily. End Note.)

¶4. (C) COMMENT. Zeppelin Turkmenistan enjoyed seven years of government contracts for high-quality Caterpillar equipment. Under President Niyazov, Caterpillar was the Turkmen construction machinery of choice. Zeppelin's manager admitted that the current Turkmen President looks at the competitiveness of the machinery in addition to a product's brand name. In addition, Zeppelin has not yet provided the Turkmen with quality operational and maintenance training that its competitors are more than willing to do. With new government contracts to be opened for bidding in 2010, it is unclear whether Zeppelin can regain Turkmen confidence in Caterpillar construction machinery in such a competitive sector. END COMMENT.  
CURRAN